

REMARKS

Claims 14-21 are currently pending in this case. Claims 14 and 19 are amended; claims 22-33 are canceled. Support for the amendments can be found throughout the specification, especially at pages 5-10. The amendments are made for clarification only; they are not believed to be necessary to distinguish over the cited prior art.

Applicants have carefully considered the Office Action mailed on September 11, 2006, and in response submit the following remarks.

Claims 14-29 stand rejected under 35 U.S.C. § 101. Applicants' representative Steven Underwood was informed, in a phone call with Examiner Hamilton on December 6, 2006, that the reason for the rejection was that it was not clear how the claimed derivative instrument was "coupled to" the claimed debt instrument.

The present claim amendments are designed to clarify that the coupling is the provision of the option to the issuer of the debt security. That is, the debt security has an underlying equity security, and the derivative instrument is coupled to the debt security because it provides an option to the issuer of the debt security to purchase shares of the underlying equity security under certain specified conditions. As discussed previously, the debt instrument and the derivative instrument are separate instruments.

The present claim amendments are believed to overcome all outstanding rejections of the pending claims. A prompt notice of allowance will be appreciated. If any further amendments are required, the Examiner is respectfully requested to telephone Steven Underwood at the number provided below.

No fee is believed to be due with this Response (other than the extension fee authorized above). However, if any other fee is due, please charge that fee to Deposit Account No. 50-0310.

Respectfully submitted,



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